Govt. Press—40,000—27-10-49

Revenue (1949) Department.

No. SERIES.

G.O No. 2708

Dated 30th November 1949.

[Despatch Abstract.]

Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Debentures - Government Grant Increase from Rs.400 lakhs to Rs.850 lakhs - Sanctioned.

CO-OPERATIVE DEPARTMENT

From

Sri J.C. Ryan, M.A.,
Registrar of Co-operative
Societies, Chepauk, Madras.

To

The Secretary to Government,
Development Department,
Fort St. George, Madras.

Rc.No.67200/49-I, dated the 24th May 1949.

Sir,

Sub: Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Government Guarantee - Increase from Rs.450 lakhs to Rs.550 lakhs - Proposals.

Ref: G.O.No.Ms.6335 Development dated 23rd December 1948.

I submit herewith the application from the President of the Central Land Mortgage Bank to the Government requesting the enhancement of the maximum amount of guarantee in respect of the debentures issued by the bank, to Rs.550 lakhs. In their orders cited above, Government were pleased to increase the maximum amount of the guarantee upto a limit of Rs.450 lakhs exclusive of the debentures which the bank may from time to time redeem.

2. The total face value of the debentures in circulation covered by the Government guarantee as on 18-5-49 was Rs.420.92 lakhs. The margin of guarantee available for future issues is only Rs.29.08 lakhs. The bank has stated that this margin is inadequate considering the loan business done in 1948-49 and the present growing demand for loans.

3. In my letter No.Rc. 71655/48-J, dated 14th August 1948 disposed of in the Government Order cited, I recommend the increase of guarantee by Rs.50 lakhs based on the consideration of loan transactions. During the period of 10 months ended 30th April 1949, the bank disbursed loans to the extent of Rs.61.71 lakhs. At this rate the bank may disburse another Rs.10 lakhs before 30th June 1949. The bank expects to disburse loans for Rs.85 lakhs in 1949-50. Further the bank has on hand mortgages for Rs.21.71 lakhs on which no debentures have been issued. The total margin of guarantee required to provide for these, will be for Rs.116.71 lakhs. As against this anticipated business, a margin of Rs.130 lakhs will be available if the maximum guarantee is raised to Rs.550 lakhs. The guarantee was increased only in December last. But the volume of loan business of the bank is on the increase as loan applications are coming in large numbers. It is necessary to enhance the limit to Rs.550 lakhs to enable the Central Land Mortgage Bank to carry on its business without approaching Government frequently for enhancement of the guarantee.

4. Government in their order No.2212 Development, dated 20th April 1949 have sanctioned the disbursement of loans to the agriculturists in Rayalaseema at 4% and this will bring in more loan applications besides the flow of applications in large numbers from other areas.

5. For the reasons stated above, I request that under section 6(2) of the Madras Co-operative Land Mortgage Bank Act X of 1934; Government may be pleased to increase the maximum amount of guarantee in respect of the debentures issued by the Central Land Mortgage Bank (other than debentures which the said bank may from time to time redeem) upto a total face value of Rs.550 lakhs (Rupees five hundred and fifty lakhs only) subject to the conditions laid down in the G.O. cited.

Sd/ **
for Registrar of Co-operative
Societies, Madras.

p.t.o.

Government of Madras
Development Department

Memorandum No.55809-B.iii/49-4, dated 11th August 1949.

Sub:- Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Debentures - Government Guarantee - Increase.

Ref:- Letter from the Registrar of Co-operative Societies No.Rc. 67200/49-J, dated 24th May 1949.

The Registrar of Co-operative Societies is informed that the necessary resolution regarding increase of the maximum amount of Government guarantee in respect of the debentures issued by the Co-operative Land Mortgage Bank will be moved at the next meeting of the Legislative Assembly and Council to be held in October 1949. The Registrar is therefore requested to furnish information as on 1-9-1949 under the following heads:-

(1) Total face value of debentures in circulation covered by the existing guarantee;

(2) Margin available under the existing guarantee for future issues of debentures;

(3) Total amount of loans issued by the Central Land Mortgage Bank from 1-5-1949 to 31-8-1949;

(4) Amount of loans expected to be issued from 1-9-49 to 31-12-49 and from 1-1-50 to 30-6-50, separately;

(5) Value of mortgages on land in respect of which no debentures have been issued;

(6) Margin available by means of annual purchase of debentures by the Central Land Mortgage Bank for investment of its debentures redemption fund.; and

(7) estimate of increased demand for loans in the Rayalaseema area consequent on the reduction of interest rate to 4 per cent.

Sd/ ** **
** **

To the Registrar of Co-operative Societies

From	To
Sri J.C. Ryan, M.A., Registrar of Co-operative Societies Chepauk, Madras.	The Secretary to Government, Development Department, Fort St. George,-Madras.

- -

Rc.No.67200/49-J, dated 8th September 1949.

Sir,

Sub: Co-operative Societies - Land Mortgage Banks - Central Land Mortgage Bank - Debentures Government Guarantee - Increase.

Ref: Government Memorandum No.55809-B.III/49-3, dated the 11th August 1949.

I furnish hereunder the information as on 1-9-1949 called for in Government Memorandum cited -

Existing guarantee	Rs.4,50,00,000
1) The total face value of debentures in circulation covered by the existing guarantee	Rs.4,20,80,100

p.t.o

2) Margin available under existing guarantee for future issues of debentures	Rs.29,19,90
3) Total amount of loans issued by the Central Land Mortgage Bank Limited, from 1-6-1949 to 31-8-1949.	Rs.23.21,800
4) Amount of loans expected to be issued -	
i) from 1-9-49 to 31-12-49	Rs.28,00,000
ii) from 1-1-50 to 30-6-50	Rs.45,00,000
5) Value of mortgages on hand in respect of which no debentures have been issued	Rs.42,67,740
6) Margin available by means of annual purchase of debentures by the Central Land Mortgage Bank for investment of its Debenture Redemption Funds	Rs. 5,42,200

Note:-

The margin available for future issues of debentures increases only when the debentures purchased are cancelled and withdrawn from circulation. Only such of the debentures

p.t.

4

that are allotted to the sinking Fund account of the same series can be cancelled. The sum of Rs.5,42,200/- represents the debentures that can be cancelled during the year.

7. Estimate of increased demand for loans in the Rayalaseema area on the reduction of interest rate to 4 per cent Rs.2,00,000

2) I shall submit separately the report called for in the Government Memorandum dated 26th August 1949.

(True copy)

Sd. . . .
For Registrar

p.t.o.

SECRETARIAT OF THE MADRAS LEGISLATURE

Fort St. George, Dated 8th November 1949

The decision of the Legislative Assembly on the following resolution of Hon'ble Sri K. Chandramouli is communicated to the Development Department and Secretary to His Excellency the Governor.

RESOLUTION.

Increase in the maximum amount of the guarantee given by the Government in respect of debenture issued by the Madras Co-operative Central Land Mortgage Bank Limited.

(please below for text of the motion)

Decision of the Assembly

The motion was put and carried in the Assembly on 7th November 1949.

U.O.No.7954/49-1-ML
8-11-1949.

T. Hanumanthappa,
for Secretary, Madras Legislative Assembly.

To the Secretary to Government,
Development Department
The Secretary to His Excellency the Governor.

Text of the motion.

This Assembly recommends to the Provincial Government that they may under sub-section (2) of section 6 of the Madras Co-operative Land Mortgage Banks Act, 1934 increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Land Mortgage Bank, Limited, upto a total face value of Rs.550 lakhs, exclusive of such debentures as the Bank may from time to time redeem such debentures being issued for periods not exceeding in any case of 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum.

Sd/ A.G. Sabesan,
Superintendent.

SECRETARIAT OF THE MADRAS LEGISLATURE,
Fort St. George dated 15-11-49.

The decision of the Legislative Council on the following resolution of the Hon'ble Sri K. Chandramouli is communicated to the Development Department and Secretary to His Excellency the Governor.

RESOLUTION

Increase in the maximum amount of the guarantee given by the Government in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank Ltd.,

(p.t.o. for text of the motion.)

p.t.o.

Decision of the Council

The resolution was put and carried in the Council on 14th November 1949.

U.O.No.7953/49-I-M.L./15-11-49.

Sd/ M. Surya Rao
for Secretary, Madras Legislative Council.

To the Secretary to Government,
Development Department
The Secretary to His Excellency the Governor.

Text of motion in the Council

"This Council recommends to the Provincial Government that they may under sub-section (2) of Section 6 of the Madras Co-operative Land Mortgage Banks, Act, 1934, increase the maximum amount of the guarantee given by them in respect of the debentures issued by the Madras Co-operative Central Land Mortgage Bank, Ltd., up to a total face value of Rs.550 lakhs exclusive of such debentures as the Bank may from time to time redeem, such debentures being issued for periods not exceeding in any case 25 years from the date of issue and bearing interest at a rate not exceeding 5 per cent per annum.

p.t.o.

GOVERNMENT OF MADRAS

(Abstract.).

CO-OPERATIVE SOCIETIES - Land Mortgage Banks - Central Land Mortgage Bank - Debentures - Government guarantee - Increase from Rs.450 lakhs to Rs.550 lakhs - Sanctioned.

~~Revenue Department~~
Development Department

G.O.Ms.No.5706, Dated 30th November 1949
Read the following:--

G.O.Ms.No.6335 Development, dated 23rd December 1948
From the Registrar of Co-operative Societies, Letter No.67200/49-J, dated 24th May 1949
From the Registrar of Co-operative Societies, Letter No.67200/49-J, dated 8th September 1949.

O R D E R:

The following notification will be published in the Fort St. George Gazette:--

NOTIFICATION.

Whereas in Development Department Notification No.15, dated the 23rd December 1948, published at pages 3-4 of Part I of the Fort St. George Gazette, dated the 4th January 1949, the maximum amount of guarantee given by the Government of Madras in respect of the debentures issued by the Madras Central Co-operative/Land Mortgage Bank Limited, exclusive of such debentures as the said Bank might from time to time redeem, was increased to a total value of Rs.450/- lakhs;

And whereas it is considered desirable to further increase the maximum amount of guarantee and for this purpose the Provincial Government have consulted both the Chambers of the Madras Legislature;

Now, therefore, in exercise of the powers conferred by section 6(2) of the Madras Co-operative Land ~~Mort~~ Mortgage Bank Act, 1934 (Madras Act X of 1934), His Excellency the Governor of Madras hereby increases the maximum amount of guarantee in respect of debentures issued by the Madras Co-operative Central Land Mortgage Bank Limited (other than the debentures which the said Bank may from time to time redeem) upto a total face value of Rs.550 lakhs (Rupees five hundred and fifty lakhs) subject to the following conditions; namely:-

(i) the debentures issued by the said Bank shall not in any case be for periods exceeding 25 years from the date of their issue; and

(ii) the interest on such debentures shall not exceed per cent per annum.

~~P.T.O.~~

NOTE:

There is no objection to the inclusion of the terms of this further guarantee in the debentures to be issued by the said Bank, which satisfy the foregoing conditions.

(BY ORDER OF HIS EXCELLENCY THE GOVERNOR)

Sd/ ** **
** **

To the Registrar of Co-operative Societies
To the Accountant-General, Madras through the Finance Department

p.t.o.

To the Finance Department (B.G. Section)
To the Finance (Ways and Means) Department
To the Superintendent, Government Press for publication of the notification in the Fort St. George Gazette.
Copy to stock file on Land Mortgage Banks

(True copy)

R. Thiagarajan 13.11.53
Office Assistant,
Madras Record Office.

aj/13.11

13/11/53

Note File

Development Department.

The Registrar of Co-operative Societies proposed in May last that the Government guarantee of the debentures issued by the C.L.M. Bank might be increased from Rs.450 lakhs to Rs.550 lakhs i.e. by Rs.100 lakhs. This Department then suggested that it would be sufficient to raise the guarantte to Rs.500 lakhs i.e. by Rs.50 lakhs only to enable the Bank to carry on its business till 31st December 1949 and that the question of further increase in the gurantee might be considered later towards the end of this year. This was agreed to by Finance and approved by H.M. (L.A.) and H.M. (Fin.). But as the Legislature was subsequently prorogued, the resolution to be moved on the subject lapsed and fresh notice has to be given for the ensuing meeting to be held in November next. The latest figures as on 1-9-49 have since been obtained from the Registrar. If the guarantee were to be increased now by Rs.50 lakhs only, as previously proposed, it would necessitate approaching the Legislature again within another month or two for a further increase in the guarantee. This Department therefore recommended that the maximum amount of the guarantee might be increased from Rs.450 lakhs to Rs.550 lakhs i.e. by Rs.100 lakhs, as originally proposed by the Central Land Mortgage Bank and the Registrar. The Finance Department have accepted this recommendation.

The case may be resubmitted to H.M.(L.A) and H.M.(Fin.) for orders whether the revised proposal to increase the maximum guarantee from Rs.450 lakhs to Rs.550 lakhs will be accepted. Subject to orders, a draft letter to the Secretary, Madras Legislative Assembly/Council is submitted for approval. A draft resolution (together with an explanatory note) which will have to be moved in both the Chambers is appended to the draft letter.

** **
7-10-49 D.S.(Dev.)
** **
7-10-49 H.M.(L.A.)
** **
B.G.R.
7-10-49 H.M. (Fin.

(Issued as letter No.55809-B-III/49-6 dated 10-10-1949)
(Notice of Resolution to the Madras Legislative Assembly/Council - dated 19-10-1949).

H.M.(L.A)'s orders extracted from p.39 c.f.

"Please send the file with a clear brief note"

K.C.
1-11-49.

To A.S.

In connection with the resolution regarding increase of Government of guarantee of Central Land Mortgage Bank's debentures to be moved in the Legislature at its ensuing meeting, the President of the Bank has already sent a note giving certain particulars - vide pp.21-26 c.f. with reference to H.M.(L.A)'s orders extracted above, a self-contained note embodying these particulars and other points is submitted below. The file may now be circulated to H.M. (L.A.)

** **
5-11-1949 S - (Dev.)

** **
8-11-49 H.M.(L.A.)

p.t.o

From the Secretariat of the Madras Legislative Assembly
U.O.No.7954/49-IML, dated 8-11-1949
From the Secretariat of the Madras Legislative Council
No.7953/49-I-ML, dated 15-11-1949.

To A.S.

The resolution raising the maximum amount of Government guarantee of the debentures issued by the Madras/Central Land Mortgage Bank, Ltd., from Rs.450 lakhs to Rs.550 lakhs has been passed both in the Legislative Assembly and Council. A draft order is submitted for approval. Finance and Legal Departments may see before issue.

cooperative

** **
16-11-49

Finance (Exp.-A) Deptt.

(Previous Finance Note on pp.7-8 above)

The orders in circulation on p.9 above. Development's note above and the draft order below may be perused and the case passed on to Legal.

** **
20-11-1949

Legal Department.

The draft notification is in order.

** **
23-11-49.

Development Deptt.

For orders whether the draft order below may now issue.

** **
25-11-49

** **
30-11-49 H.M.(L.A.)

(Issued as G.O.Ms.No.5706 Development, dated 30th Nov. 1949).

(True copy)

R. Thiagarajan
13.11.53

Office Assistant,
Madras Record Office.

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